



**SENATE
TRANSPORTATION
COMMITTEE**

***SUMMARY OF
TRANSPORTATION
LEGISLATION***

**2000 Regular,
1st & 2nd Special Sessions**

**Senate Transportation Committee
June 2000**

VETO MESSAGE ON SB 6856-S2

May 2, 2000

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 8(2) and 15 of Second Engrossed Second Substitute Senate Bill No. 6856 entitled:

"AN ACT Relating to transportation funding;"

Section 8(2) (found at page 14, line 37 through page 15, line 6 of the bill) would have amended RCW 46.68.035 and Chapter 102, Section 7, laws of 1993, to redirect the portion of the combined vehicle license fee revenues that are currently distributed to the State Patrol Highway Account to instead be distributed to the Motor Vehicle Account. This change in distribution was inadvertently copied from an earlier version of the bill and would have the effect of putting the State Patrol Highway Account in a deficit position. In order to restore legislative intent and to avoid fund balance problems in the State Patrol Highway Account, I have vetoed this section.

Section 15 (found on pages 24 and 25 of the bill) would have amended RCW 44.40.070 and Chapter 245, Section 87, laws of 1998, so that the transportation revenue forecast council would be responsible for adopting a comprehensive six-year program and financial plans for state agency transportation activities. The section also would have codified the membership of the transportation revenue forecast council to include only transportation agencies. The council currently includes representatives from transportation agencies, as well as the Office of Financial Management, the Economic and Revenue Forecast Council, the Office of the State Treasurer, and the House and Senate Transportation Committees. I do not support the exclusion of non-transportation agencies from the council, and I believe that the development and adoption of six-year transportation expenditure and revenue plans should remain with the agencies.

For these reasons, I have vetoed sections 8(2) and 15, Second Engrossed Second Substitute Senate Bill No. 6856.

With the exception of sections 8(2) and 15, Second Engrossed Second Substitute Senate Bill No. 6856 is approved.

Respectfully submitted,

Gary Locke
Governor

BUDGET HIGHLIGHTS

APPENDIX C

2000 Supplemental Transportation Budget (E2SSB 6499)

- **\$80 million** is provided in 1999-01 transit districts to help reduce the impact of I-695 on MVET dependent transit agencies.
- **\$5 million** is provided to restore the Small City Pavement Management Program.
- **\$5 million** is provided for school safety projects.
- **\$5 million** is provided for freight rail grants that maintain short line rail service throughout the state.
- **\$60 million** in Transportation Improvement Board Bonds is provided for local partnership and freight mobility projects. (\$30 million for local transportation projects and \$30 million for FMSIB projects.)
- **\$25 million** is provided for city and county corridor congestion relief programs.
- **\$790 thousand** is provided for airport preservation grants and matching federal grant funds for an economic study of aviation in Washington State.
- **\$240 thousand** is provided for a county freight and goods system project.
- **\$111 thousand** is provided for a competitive grade crossing protection grant program.

Protecting Our Investments

- **\$244 million** is provided to fund highway maintenance at 1997-99 program levels. This funding keeps rest areas open and maintains highway lighting.
- **\$532 million** is provided to fund highway preservation activities at 95% of 1997-99 program levels.
- **\$453 million** is provided to maintain ferry service throughout Puget Sound.
- **\$823 million** is invested in highway improvement construction projects for the remainder of this biennium.
- **\$12.7 million** is provided in the omnibus budget to construct the King Street Maintenance Facility and to maintain continued partnerships with Amtrak and Sound Transit.
- **\$500 thousand** is provided for Senator George Sellar refrigerated train cars to ship Washington State produce on the Seattle to Chicago *Empire Builder* train.
- **\$750 thousand** is provided for the Agency Council on Coordinated Transportation.

Safety

- **19 Washington State Commissioned Officers** are cut from the Patrol's License Fraud Unit. The officers will be retained as investigators working on auto-theft, fuel tax evasion and Vehicle Identification Number referrals.
- **\$200 thousand** is provided for a State Patrol Vehicle Video Camera Pilot Project.
- **\$2.2 million** is provided for base station upgrades and portable radios for Washington State Troopers.
- **\$31 million** in highway safety funding is restored to complete projects that were previously eliminated due to Initiative 695.
- **\$1.5 million** is restored to keep open and maintain all highway safety rest areas.

2000 Supplemental Transportation Budget (E2SSB 6499)

- **\$600 thousand** is restored in order to implement the Safety Service Roving Patrol Pilot Project.
- **\$550 thousand** in airport grant funding is provided for local communities to alleviate a backlog in safety preservation projects.

Section 2: The Enacted 1999-01 Transportation Budget

(Pre I-695)

Transportation Budget Comparisons
(Dollars in Millions)

<u>1997-99 Transportation Funding</u>	
1997-99 Funding	\$ 2,896
1998 Supplemental Budget	\$ 181
1999 Supplemental Budget	\$ (73)
Total 1997-99 Funding	\$ 3,004
 <u>1999-01 Transportation Funding</u>	
1999-01 Transportation Budget	\$4,048

In 1998, Washington voters passed Referendum 49, which authorized the sale of \$1.9 billion in bonds and dedicated nearly half of the Motor Vehicle Excise Tax to state transportation programs. In total, 76% of MVET revenues were dedicated to a combination of state and local transportation programs and transit systems.

The 1999-2001 Transportation Budget assumed the sale of up to \$686 million in R-49 bonds. R-49 bond dollars and dedicated MVET revenues added over \$1 billion to the state Transportation Budget:

- \$686 million in R-49 funding was provided for highway construction and ferry capital systems.
- \$196 million in new transportation revenues for local government to fund congestion relief, preservation, pavement management, and environmental retrofit projects.
- \$69 million was provided for freight and goods transportation improvements, a small cities pavement program, freight rail and other rural economic development projects.

Section 3: Initiative 695

The elimination of the motor vehicle excise tax (MVET) resulted in a permanent loss of a revenue source used for ferries, rail, transit, highways and for backing \$1.9 billion in voter approved R-49 bonds.

Initiative 695 eliminated \$1.2 billion of the revenue available for the \$4 billion 1999-01 state Transportation Budget. Total 18-month losses include \$560 million in uncollected MVET and \$686 million in lost R-49 bond proceeds.

- \$1.2 billion in MVET revenue and R-49 bonds represented:
 - 30% of the \$4 billion state Transportation Budget
 - 37% of the \$3.2 billion Department of Transportation Budget

Cities, counties and local transit programs also experienced the impacts of Initiative 695. Local governments used 23% of all MVET revenue to fund health, police, fire, criminal justice, sales tax equalization and other programs. 29% of the MVET helped support local transit services.

The increase of the Vehicle License Registration and Renewal Fees to \$30 will produce \$35 million in additional revenue in the 1999-01 biennium and an estimated \$46 million in the 2001-03 biennium.

I-695 eliminated registration collections on certain classes of trailers. This reduced license, permits, and fee distributions to the State Patrol Highway Account by \$8 million in 1999-01 and \$8.5 million in 2001-03.

The Transportation Dilemma: Flexible Funding Needs

The elimination of MVET revenue left state transportation programs to be funded with two types of revenue: Gas Tax and License, Permits and Fees (LPFs). The 18th Amendment to the state Constitution dedicates nearly all of these revenues to highway purposes.

Highway purposes include: Operating, engineering and other expenses associated with the administration of public highways, county roads, city streets and marine highways -- the Washington State Auto Ferries.

Highway purposes do not include: Rail or transit programs.

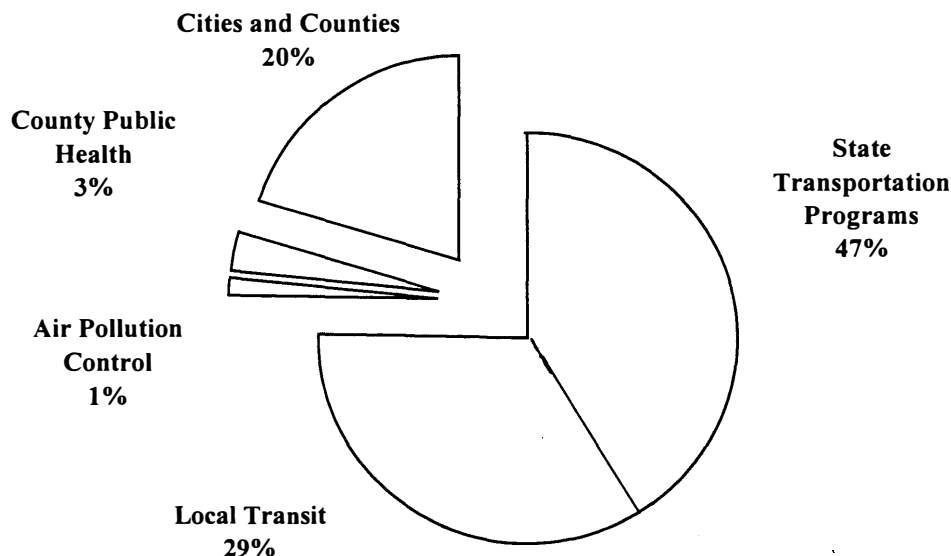
I-695's Effect on State and Local Transportation Programs:

State transportation and local transit districts lost \$933 million (approximately \$599 million in state transportation and \$334 million in local transit revenues) as a result of the passage of I-695. In total, local governments, transit agencies and state transportation programs lost a combined total of \$1.2 billion in MVET revenue.

2000 Supplemental Transportation Budget (E2SSB 6499)

I-695's Effect on Transportation Programs

**1999-01 MVET Revenue Loss from I-695
is \$1.2 Billion**



- **Capital Improvements** - The agency proposed budget reduces the WSDOT highway construction program from \$1.8 billion to \$1.1 billion.
- **Local Transit Agencies** - The MVET represented an average of 25% of all transit revenue. Transit agencies will continue to collect 75% in fare box, sales tax and federal revenues. For small transit agencies, MVET represented over 50% of total revenues.
- **State Ferry System** - The ferry system has lost \$52 million or 16% of the 99-01 operating budget. There is also a \$201 million shortfall or 75% of the 99-01 capital budget. The agency's proposed budget eliminates passenger-only ferry service, reduces service on all ferry routes and requires a significant fare increase to maintain or reinstate existing service.
- **Passenger Rail** - Passenger rail was budgeted for \$108.8 million in 99-01. WSDOT's proposed funding for the next two years is \$52.9 million.
- **Partnerships** - The agency's proposed budget puts the state at risk of losing leveraged investments with the federal and local governments, Sound Transit, AMTRAK, Union Pacific, BNSF, the ports and other funding partners.

Section 4: Supplemental Budget Agency Summary

Department of Transportation - \$2.51 Billion

(Original 1999-01 Budget = \$3.28 billion; a reduction of \$770 million)

State Highways

(Original 1999-01 Budget = \$2.1 billion; a reduction of \$500 million)

- \$823 million is provided for state highway improvements:
 - HOVs: \$118 million for design, right of way and construction of HOV projects, including \$46 million in restored funding.
 - Congestion Relief: \$349 million is provided for highway capacity improvements, including major projects such as Sunset Interchange on I-90 and Sprague Avenue to Argonne Road on I-90 in Spokane.
 - Safety: \$139 million to improve the safety of state highways, including SR 9 to Paradise Road on SR 522 (Killer Highway). \$31 million in restored funding to continue such projects as SR 17 (Killer Corner), SR 12, and SR 395, were originally cut due to Initiative 695.
 - Economic Development/Freight Mobility: \$128 million in state funding for economic initiatives, including \$27 million in restored funding to continue projects on SR 397, SR 20, SR 5, and SR 31.
 - Environmental: \$27 million for environmental projects including \$16 million in partially restored funding for Endangered Species Act project certification, fish passage barrier removal, and storm-water run-off projects. \$1 million in additional funding is provided for the Advanced Environmental Mitigation Revolving Account.
 - \$50 million is provided for the Tacoma Narrows Bridge, including \$39 million in restored state funding.
- \$532 million is provided for highway preservation to repave roadways, repair and rebuild bridges, repair unstable slopes, etc.
- \$244 million is provided for the maintenance of state highways, including keeping open all safety rest areas, snow and ice removal, patching roadways, pavement striping, maintaining traffic signals and retaining current levels of highway illumination, etc.

Washington State Ferries – Operating: Total Budget = \$291 million

(Original 1999-01 Budget = \$303 million; a reduction of \$12 million)

- \$10.3 million is provided to partially restore weekend, night and shoulder auto ferry service and weekday passenger-only ferry service through June 2001. No immediate fare increases are required.

Washington State Ferries – Capital: Total Budget = \$162 million

(Original 1999-01 Budget = \$285 million; a reduction of \$123 million)

- The capital program is realigned to ensure it supports the ferry operating budget.

2000 Supplemental Transportation Budget (E2SSB 6499)

Rail – Operating: Total Budget = \$33.0 million

(Original 1999-01 Budget = \$33.1; a reduction of \$100 thousand)

- Existing rail passenger services are maintained including a second roundtrip between Seattle and the Canadian border.

Rail – Capital: Total Budget = \$36.8 million

(Original 1999-01 Budget = \$93 million; a reduction of \$56.2 million)

- \$5 million is provided for light-density freight rail line loans and grants.
- \$500 thousand is provided for George Sellar refrigerated train cars to ship Washington State produce on the Seattle to Chicago *Empire Builder* train.
- \$12.7 million in one-time funding is restored for the King Street Maintenance Facility (provided in the omnibus budget).

Highway Management and Facilities/ Plant Construction & Supervision: Total Budget = \$60.8 million

(Original 1999-01 Budget = \$71 million; a reduction of \$10.2 million)

- \$2 million is provided for additional maintenance due to delayed completion of capital projects.
- \$10 million is made available by delaying the construction of planned capital facility projects.
- \$1.3 million in savings is realized through a variety of administrative cost reductions.

Aviation: Total Budget = \$5.2 million

(Original 1999-01 Budget = \$4.4 million; an increase of \$800 thousand)

- \$550 thousand in increased grant funding is provided to help reduce backlogged airport safety preservation activities.
- \$240 thousand is provided for the state match of a federal grant for an economic study of aviation in Washington.

Traffic Operations: Total Budget = \$35.8 million

(Original 1999-01 Budget = \$39.1 million; a decrease of \$3.3 million)

- \$3.9 million is made available by the elimination of one-time funding for low-cost traffic operation enhancements.
- \$600 thousand is restored in order to implement the Safety Service Patrol Pilot Project.

Transportation Management: Total Budget = \$95.0 million

(Original 1999-01 Budget = \$110.8 million; a decrease of \$15.8 million)

- \$14.7 million cut to computer equipment and system development.
- \$1.8 million cut to management, administration and support.

2000 Supplemental Transportation Budget (E2SSB 6499)

Transportation Planning, Data, and Research: Total Budget = \$28.8 million

(Original 1999-01 Budget = \$30.5 million; a decrease of \$1.7 million)

- \$2 million is made available by postponing projects and through administrative cost reductions.
- \$350 thousand within the existing program is dedicated for developing an analytic method for investment choices in rail, highways, freight rail, transit, etc.

Public Transportation: Total Budget = \$19.5 million

(Original 1999-01 Budget = \$25.4 million; a decrease of \$5.9 million)

- \$6.1 million is provided for the Commute Trip Reduction (CTR) Program.
- \$3.5 million is provided for rural mobility projects.
- \$750 thousand is provided for the Agency Council on Coordinated Transportation.

Local Programs – Total Budget = \$109.1 million

(Original 1999-01 Budget = \$161.8 million; a decrease of \$52.7 million)

- \$40 million is provided for local freight mobility projects.
- \$25 million is provided for city and county corridor congestion relief programs that complement the state corridor congestion relief program.
- \$10 million is provided as a state match with Oregon for the Columbia River Dredging Project.
- \$5 million is provided for a small city pavement program.
- \$5 million is provided for enhanced safety for schools, which includes signals, and channelization.

Washington State Patrol - \$229 million

(Original 1999-01 Budget = \$231 million; a reduction of \$2 million)

Field Operations: Total Budget = \$160.6 million

(Original 1999-01 Budget = \$160.9 million; a reduction of \$300 thousand)

- \$2.2 million is provided for trooper portable radios and base station upgrades.
- \$200 thousand is provided for a vehicle video camera pilot project.
- \$124 thousand is provided to increase officer pay for special certifications.
- \$2.1 million is cut to eliminate the Patrol's license fraud activities.
- \$826 thousand is cut to adjust for vacancies maintained through November 99.
- \$322 thousand is cut to remove second year inflation.

Support Services Bureau: Total Budget = \$66.5 million

(Original 1999-01 Budget = \$67.9 million; a reduction of \$1.4 million)

- \$823 thousand is cut as a result of an agency wide administrative reduction.

2000 Supplemental Transportation Budget (E2SSB 6499)

Capital: Total Budget = \$2.3 million

- Funding is retained for minor works, repaving of the drive course, and the Naselle detachment office.

Department of Licensing - \$158.0 million

(Original 1999-01 Budget = \$159.5 million; a reduction of \$1.5 million)

Management and Support Services: Total Budget = \$11.38 million

(Original 1999-01 Budget = \$11.32 million; an increase of \$63 thousand)

- \$109 thousand is cut to adjust for a historical vacancy rate.
- \$140 thousand is cut as a result of an administrative reduction.
- \$93 thousand is cut as a result of operating efficiencies.
- \$340 thousand is added to appropriately account for support services.

Information Systems Division: Total Budget = \$9.23 million

(Original 1999-01 Budget = \$9.52 million; a reduction of \$292 thousand)

- \$188 thousand is cut to adjust for a historical vacancy rate.
- \$117 thousand is cut as a result of an administrative reduction.

Vehicle Services Division: Total Budget = \$57.17 million

(Original 1999-01 Budget = \$59.19 million; a reduction of \$2.02 million)

- \$1.7 million is cut for process savings, which include: bimonthly vehicle renewal notices, elimination of front license tabs, weekly title mailings, postcard-sized renewal notices, and license plate savings.
- \$321 thousand is cut to adjust for a historical vacancy rate.
- \$150 thousand of one-time funding is provided for transportation's share of an electronic commerce revenue system.

Drivers Services Division: Total Budget = \$80.18 million

(Original 1999-01 Budget = \$79.43 million; an increase of \$750 thousand)

- \$758 thousand is provided for a driver history initiative project that will link the Department of Licensing to the Seattle Municipal Court to improve the exchange of information.
- \$142 thousand is provided to establish an intermediate driver's license.
- \$250 thousand is provided to enhance motorcycle training.
- \$261 thousand is reduced for various process savings.

2000 Supplemental Transportation Budget (E2SSB 6499)

Other Agencies

Legislative Evaluation and Accountability Program: Total Budget = \$887,000

(Original 1999-01 Budget = \$900 thousand; a reduction of \$13 thousand)

- \$13 thousand is cut as a result of an administrative reduction.

Utilities and Transportation Commission: Total Budget = \$222,000

(Original 1999-01 Budget = \$111 thousand; an addition of \$111 thousand)

- \$111 thousand is provided for a 1% state match on a federal grade crossing competitive grant program.

Transportation Improvement Board: Total Budget = \$269.8 million

(Original 1999-01 Budget = \$237.4 million; an increase of \$32.4 million)

- \$30 million in TIB bonds is provided for local FMSIB freight mobility projects.
- \$30 million in TIB bonds is provided for local partnership and partial funding of FMSIB projects.
- \$150 thousand is cut as a result of an administrative reduction.
- \$17 million reduction in grants for public transportation capital projects.
- \$5 million in UATA fund balance is transferred to WSDOT's Small City Program.

Freight Mobility Strategic Investment Board: Total Budget = \$540,000

(Original 1999-01 Budget = \$600 thousand; a decrease of \$60 thousand)

- \$60 thousand in under-expended appropriation is cut from the FMSIB administrative budget.
- 14 FMSIB project requests are funded through a combination of state funds, TIB bonding authority and by the Puget Sound Regional Council.

County Road Administration Board: Total Budget = \$91.1 million

(Original 1999-01 Budget = \$111 million; a reduction of \$20 million)

- \$8 million in Ref 49 bonds are cut as a result of I-695.
- \$11.8 million is cut from the RATA to meet a projected revenue shortfall.
- \$240 thousand is added for a freights and goods road system update.
- \$290 thousand is cut as a result of an administrative reduction.

Blue Ribbon Commission on Transportation: Total Budget = \$1.8 million

- Funding is provided for the commission to continue fulfilling its mission of determining long term solutions and strategies for transportation policies and funding.

2000 Supplemental Transportation Budget (E2SSB 6499)

Senate Transportation Committee: Total Budget = \$2.4 million

(Original 1999-01 Budget = \$2.6 million; a reduction of \$150 thousand)

- \$150 thousand is reduced to adjust agency vacancy rates.

Legislative Transportation Committee: Total Budget = \$3.6 million

(Original 1999-01 Budget = \$4.3 million; a reduction of \$650 thousand)

- \$500 thousand in under-expended appropriation is cut from the LTC administrative budget.
- \$150 thousand in expenditure savings is cut.

Department of Agriculture: Total Budget = \$311,000

(Original 1999-01 Budget = \$327 thousand; a decrease of \$16 thousand)

- \$16 thousand is cut as a result of an administrative reduction.

Board of Pilotage Commissioners: Total Budget = \$253,000

(Original 1999-01 Budget = \$290 thousand; a reduction of \$37 thousand)

- \$37 thousand in under-expended appropriation is cut from the BPC administrative budget.

State Parks and Recreation Commission – Operating and Capital: Total Budget = \$3.5 million

(Original 1999-01 Budget = \$ 3.6 million; a reduction of \$72 thousand)

- \$2.7 million in capital projects stays intact in the Supplemental Budget.
- \$27 thousand in under-expended operating appropriation is cut from the Parks and Recreation operating administrative budget.
- \$45 thousand in operating appropriation is cut as a result of an administrative reduction.

Marine Employees Commission: Total Budget = \$322,000

(Original 1999-01 Budget = \$356 thousand; a reduction of \$34 thousand)

- \$17 thousand in under-expended appropriation is cut from the MEC operating administrative budget.
- \$17 thousand is cut as a result of an administrative reduction.

Transportation Commission: Total Budget = \$767,000

(Original 1999-01 Budget = \$807 thousand; a reduction of \$40 thousand)

- \$40 thousand is cut as a result of an administration reduction.